

MOREHOUSE PARISH SHERIFF

BASTROP, LOUISIANA

FINANCIAL STATEMENTS
AND SUPPLEMENTAL SCHEDULES
AS OF AND FOR THE YEAR ENDED
JUNE 30, 2013



**MOREHOUSE PARISH SHERIFF
BASTROP, LOUISIANA**

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Required Supplemental Information (Part I)
Management's Discussion and Analysis

As management of the Morehouse Parish Sheriff, we offer readers of the Sheriff's financial statements this narrative overview and analysis of the financial activities of the Sheriff for the year ended June 30, 2013. We encourage readers to consider the information presented here, in conjunction with the basic financial statements, and the supplementary information provided in this report in assessing the efficiency and effectiveness of our stewardship of public resources.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Sheriff's basic financial statements. The Sheriff's basic financial statements comprise three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the Sheriff's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the Sheriff's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Sheriff is improving or deteriorating.

The statement of activities presents information showing how the Sheriff's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (for example, earned but not taken annual leave).

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Sheriff, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the current funds of the Sheriff are included in one category - governmental funds.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Management's Discussion and Analysis
June 30, 2013 (Unaudited)

The Sheriff maintains two individual governmental funds. Information is presented separately in the governmental funds' balance sheet and in the governmental funds' statement of revenues, expenditures, and changes in fund balances for the General Fund and the Corrections Fund. The Sheriff also maintains six agency funds. Data from the other fourteen funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining schedules in the other supplemental information section of the report.

Government-wide Financial Analysis. As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The following tables focus on net position (Table 1) and changes in net position (Table 2) for the Sheriff's governmental activities.

Table 1
Net Position

	Governmental Activities		Component Unit - Morehouse DARE, Inc.	
	2013	2012	2013	2012
Current and other assets	\$ 2,154,330	\$ 1,910,617	\$ 14,683	\$ 4,552
Capital assets (net)	2,032,953	2,238,561	-	-
Total assets	<u>4,187,283</u>	<u>4,149,178</u>	<u>14,683</u>	<u>4,552</u>
Long-term obligations	1,658,521	1,528,318	-	-
Other liabilities	662,221	351,157	-	-
Total liabilities	<u>2,320,742</u>	<u>1,879,475</u>	<u>-</u>	<u>-</u>
Net Position:				
Net investment in capital assets	1,520,325	1,913,724	-	-
Unrestricted	346,216	355,979	14,683	4,552
Total net position	<u>\$ 1,866,541</u>	<u>\$ 2,269,703</u>	<u>\$ 14,683</u>	<u>\$ 4,552</u>

Management's Discussion and Analysis
June 30, 2013 (Unaudited)

Table 2
Changes in Net Position

	Governmental Activities		Component Unit - Morehouse DARE, Inc.	
	2013	2012	2013	2012
Revenues				
Program revenues:				
Charges for services	\$ 5,237,636	\$ 5,243,877	\$ -	\$ -
Operating grants	1,061,540	909,573	58,529	34,424
Capital grants	-	296,654	-	-
General revenues:				
Property taxes	700,371	735,445	-	-
Sales taxes	2,371,912	2,273,670	-	-
Interest	913	2,554	-	-
Miscellaneous	27,258	29,185	-	-
Total revenues	<u>9,399,630</u>	<u>9,490,958</u>	<u>58,529</u>	<u>34,424</u>
Program expenses				
Public safety	9,425,262	8,647,615	48,398	41,531
Interest expense	28,092	34,049	-	-
OPEB obligation	349,438	304,729	-	-
Total expenses	<u>9,802,792</u>	<u>8,986,393</u>	<u>48,398</u>	<u>41,531</u>
Increase (decrease) in net Position	<u>\$ (403,162)</u>	<u>\$ 504,565</u>	<u>\$ 10,131</u>	<u>\$ (7,107)</u>

At the close of the fiscal year, assets of the Sheriff exceeded liabilities by \$1,866,541. Of that amount, \$1,520,325 represents the Sheriff's investment in capital assets net of accumulated depreciation and related debt. Those assets are not available for future spending. The balance represents a deficit in unrestricted net position.

Table 3 presents the cost of each of the Sheriff's major functions as well as the net cost for each function (total cost less revenues generated by those functions). The net cost shows the financial burden placed on the parish's taxpayers for each of those functions.

Management's Discussion and Analysis
June 30, 2013 (Unaudited)

Table 3
Governmental Activities

	Governmental Activities				Component Unit - Morehouse DARE, Inc.			
	Total Cost of Services		Net Cost of Services		Total Cost of Services		Net Cost of Services	
	2013	2012	2013	2012	2013	2012	2013	2012
Public safety	\$ 9,425,262	\$ 8,647,615	\$ 3,126,086	\$ 2,197,511	\$ 48,398	\$ 41,531	\$ (10,131)	\$ 7,107
Interest expense	28,092	34,049	28,092	34,049	-	-	-	-
OPEB obligation	349,438	304,729	349,438	304,729	-	-	-	-
Totals	<u>\$ 9,802,792</u>	<u>\$ 8,986,393</u>	<u>\$ 3,503,616</u>	<u>\$ 2,536,289</u>	<u>\$ 48,398</u>	<u>\$ 41,531</u>	<u>\$ (10,131)</u>	<u>\$ 7,107</u>

Financial Analysis of the Government's Funds. The Sheriff uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the governmental funds is to provide information on near-term revenue, expenditures, and balances of expendable resources. This information is used in assessing the financing requirements of the Sheriff. Unreserved fund balances may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of June 30, 2013, combined governmental fund balances of \$1,787,641 showed an increase of \$228,181 over June 30, 2012. The General Fund's balance of \$1,257,155 was increased \$356,119 by 2013 operations. The Corrections Fund's balance of \$530,486 was decreased by \$127,938 by 2013 operations. The primary reason for the significant increase in the General Fund was a \$360,000 transfer from Corrections.

Budgetary Highlights

Budgeted revenues of the General Fund were increased \$193,773 with an amendment. The increase was due to expected increases in sales tax revenue and grants revenue, offset by decreases in other line items. Likewise budgeted expenditures were increased \$356,740 for anticipated increased expenditures including personnel costs of \$336,000. Actual revenues exceeded budgeted revenues by \$249,638 while actual expenditures were below budgeted expenditures by \$224,626.

Budgeted revenues of the Corrections Fund decreased \$131,901 with an amendment. The decrease was due to expected decreases in fees and commissions. Budgeted expenditures increased \$894,206 due to the amendment which increased all line items. Actual revenues exceeded budgeted revenues by \$137,922 while actual expenditures were \$36,167 below budgeted expenditures.

Capital Asset and Debt Administration

Capital Assets. The Sheriff's investment in capital assets for its governmental activities as of June 30, 2013, amounts to \$2,032,953 (net of accumulated depreciation). This investment includes land, buildings and improvements, furniture and equipment, vehicles, and public safety equipment. During the year, the Sheriff purchased equipment totaling \$43,765 and disposed of a portable building, equipment and vehicles totaling \$183,391.

Long-Term Obligations. At the end of the year, Sheriff had total long-term debt of \$512,628 which consisted of capital leases and bonds payable. The Sheriff is also obligated for \$184,845 in accrued and unused employee leave and \$1,256,580 for the net OPEB obligation. Increases were the result of issuing revenue refunding bonds and accruing the annual OPEB cost.

Management's Discussion and Analysis
June 30, 2013 (Unaudited)

Economic Factors and Next Year's Budgets

The Sheriff's financial plan for this upcoming year is well underway since the adoption of a realistic budget that meets the needs of the parish while protecting the long-term financial stability of the sheriff's department.

The 2014 General Fund and Corrections Fund budgets are similar to 2013 budgets.

Requests for Information

This financial report is designed to be a summary of the Morehouse Parish Sheriff's finances. If there are any questions regarding any information, a request can be made in writing to the Morehouse Parish Sheriff Mike Tubbs, 351 South Franklin, Bastrop, Louisiana 71220.



INDEPENDENT AUDITOR'S REPORT

Morehouse Parish Sheriff
Bastrop, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the Morehouse Parish Sheriff, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Sheriff's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Louisiana governmental Audit Guide*, issued by the Louisiana Society of Certified Public Accountants and the Louisiana Legislative Auditor. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the Morehouse Parish Sheriff, as of June 30, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Morehouse Parish Sheriff
Bastrop, Louisiana
Independent Auditor's Report
June 30, 2013

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 1-5 and 37-39 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Morehouse Parish Sheriff's basic financial statements. The combining fund financial statements and the schedule of current insurance listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining fund financial statements and the schedule of current insurance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining fund financial statements and the schedule of current insurance are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2013, on our consideration of the Morehouse Parish Sheriff's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Morehouse Parish Sheriff's internal control over financial reporting and compliance.

BOSCH & STATHAM, LLC



Jonesboro, Louisiana
December 31, 2013

Basic Financial Statements

**MOREHOUSE PARISH SHERIFF
BASTROP, LOUISIANA**

**GOVERNMENTAL ACTIVITIES
STATEMENT OF NET POSITION
AS OF JUNE 30, 2013**

	Governmental Activities	Component Unit - Morehouse DARE, Inc.
ASSETS		
Cash and cash equivalents	\$ 1,477,263	\$ 14,683
Receivables	648,884	-
Due from other funds	28,183	-
Capital assets, net of accumulated depreciation	2,032,953	-
Total assets	<u>4,187,283</u>	<u>14,683</u>
LIABILITIES		
Accounts, salaries and other payables	366,639	-
Deposits due others	50	-
Compensated absences	184,845	-
Capital lease payable within one year	68,399	-
Revenue bonds due within one year	42,288	-
Revenue bonds payable in more than one year	401,941	-
Net OPEB obligation	1,256,580	-
Total liabilities	<u>2,320,742</u>	<u>-</u>
NET POSITION		
Net investment in capital assets	1,520,325	-
Unrestricted	346,216	14,683
Net position	<u>\$ 1,866,541</u>	<u>\$ 14,683</u>

The accompanying notes are an integral part of these financial statements.

**MOREHOUSE PARISH SHERIFF
BASTROP, LOUISIANA**

**GOVERNMENTAL ACTIVITIES
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013**

FUNCTIONS - GOVERNMENTAL ACTIVITIES	EXPENSES	PROGRAM REVENUES			NET (EXPENSES) REVENUES AND CHANGES IN NET POSITION	
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	COMPONENT UNIT - MOREHOUSE DARE, INC.
Public safety	\$ 9,425,262	\$ 5,237,636	\$ 1,061,540	\$ -	\$ (3,126,086)	
Interest expense	28,092	-	-	-	(28,092)	
OPEB obligation	349,438	-	-	-	(349,438)	
Total governmental activities	<u>\$ 9,802,792</u>	<u>\$ 5,237,636</u>	<u>\$ 1,061,540</u>	<u>\$ -</u>	<u>(3,503,616)</u>	
Component Unit - Morehouse DARE, Inc.	<u>\$ 48,398</u>	<u>\$ -</u>	<u>\$ 58,529</u>	<u>\$ -</u>		\$ 10,131
General revenues:						
Property taxes levied for:						
Public safety					700,371	-
Sales and use taxes levied for public safety					2,371,912	-
Unrestricted investment earnings					913	-
Gain (loss) on disposal of capital assets					(4,647)	-
Proceeds from insurance					3,208	-
Donations					3,611	-
Other					25,086	-
Total general revenues					<u>3,100,454</u>	<u>-</u>
Change in net position					<u>(403,162)</u>	<u>10,131</u>
Net position at beginning of year					<u>2,269,703</u>	<u>4,552</u>
Net position at end of year					<u>\$ 1,866,541</u>	<u>\$ 14,683</u>

The accompanying notes are an integral part of these financial statements.

**MOREHOUSE PARISH SHERIFF
BASTROP, LOUISIANA**

**GOVERNMENTAL FUNDS - BALANCE SHEET
AS OF JUNE 30, 2013**

ASSETS	GENERAL FUND	CORRECTIONS FUND	TOTALS
Cash and cash equivalents	\$ 893,937	\$ 583,326	\$ 1,477,263
Receivables	275,961	372,923	648,884
Due from other funds	309,950	29,977	339,927
Total assets	<u>\$ 1,479,848</u>	<u>\$ 986,226</u>	<u>\$ 2,466,074</u>
LIABILITIES AND FUND EQUITY			
Liabilities:			
Accounts payable	\$ 64,786	\$ -	\$ 64,786
Salaries and related payables	156,050	145,803	301,853
Due to other funds	1,807	309,937	311,744
Due to others	50	-	50
Total liabilities	<u>222,693</u>	<u>455,740</u>	<u>678,433</u>
Fund equity - fund balances:			
Unassigned	1,192,601	-	1,192,601
Restricted	64,554	530,486	595,040
Total fund equity - fund balances	<u>1,257,155</u>	<u>530,486</u>	<u>1,787,641</u>
Total liabilities and fund equity	<u>\$ 1,479,848</u>	<u>\$ 986,226</u>	<u>\$ 2,466,074</u>

The accompanying notes are an integral part of these financial statements.

**MOREHOUSE PARISH SHERIFF
BASTROP, LOUISIANA**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS' BALANCE
SHEET TO THE STATEMENT OF NET POSITION
FOR THE YEAR ENDED JUNE 30, 2013**

Total fund balances - governmental funds	\$ 1,787,641
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Amounts reported for governmental activities in the statement of
net position are different because:

Capital assets used in governmental activities are not financial resources	2,032,953
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds	

Long-term liabilities are not due and payable in the current period and therefore are not reported in the fund statements.	(1,954,053)
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Net position of governmental activities	<u>\$ 1,866,541</u>
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**MOREHOUSE PARISH SHERIFF
BASTROP, LOUISIANA**

**GOVERNMENTAL FUNDS - STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2013**

	GENERAL CORRECTIONS		
	FUND	FUND	TOTALS
Revenues:			
Taxes:			
Ad valorem	\$ 700,371	\$ -	\$ 700,371
Sales and use	2,371,912	-	2,371,912
Intergovernmental funds:			
Federal funds:			
Other federal funds	129,543	-	129,543
State funds:			
State revenue sharing	97,915	-	97,915
NLDEB	27,840	-	27,840
State supplemental pay	682,041	-	682,041
Other state funds	30,700	-	30,700
Local funds	93,501	-	93,501
Fees, charges and commissions			
for services	183,009	4,846,015	5,029,024
Fines and forfeitures	208,612	-	208,612
Use of money and property	503	410	913
Donations	3,611	-	3,611
Other revenues	22,443	2,643	25,086
Total revenues	<u>4,552,001</u>	<u>4,849,068</u>	<u>9,401,069</u>
Expenditures:			
Current:			
Public safety:			
Personal services	3,593,243	3,217,513	6,810,756
Operating services	400,623	421,543	822,166
Material and supplies	369,167	1,139,193	1,508,360
Travel and other charges	42,813	115,603	158,416
Debt service	127,223	171,078	298,301
Capital outlay	33,689	10,076	43,765
Total expenditures	<u>4,566,758</u>	<u>5,075,006</u>	<u>9,641,764</u>
Excess (deficiency) of revenues over expenditures	<u>(14,757)</u>	<u>(225,938)</u>	<u>(240,695)</u>
Other sources (uses):			
Operating transfers in	360,000	-	360,000
Operating transfers out	-	(360,000)	(360,000)
Proceeds from the sale of assets	7,668	-	7,668
Proceeds from Bonds	-	458,000	458,000
Proceeds from insurance	3,208	-	3,208
Total other sources (uses)	<u>370,876</u>	<u>98,000</u>	<u>468,876</u>
Net change in fund balances	356,119	(127,938)	228,181
Fund balances at			
beginning of year	901,036	658,424	1,559,460
Fund balances at end of year	<u>\$ 1,257,155</u>	<u>\$ 530,486</u>	<u>\$ 1,787,641</u>

**MOREHOUSE PARISH SHERIFF
BASTROP, LOUISIANA**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013**

Net change in fund balances - total governmental funds	\$	228,181
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense (\$237,058) exceeded capital outlays (\$43,765) in the current period.	(193,293)
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The net effect of various miscellaneous transactions involving capital position (i.e. sales, trade-ins, and donations) is to decrease net position.	(12,315)
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Governmental funds report the retirement of long-term debt as an expenditure. However, in the government-wide financial statements, that amount representing principal on long-term debt is not treated as an expense but is instead applied against outstanding long-term debt on the Statement of Net Position.	270,209
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Governmental funds report the issuance of long-term debt as an other financing source. However, in the government-wide financial statements, that amount is added to long-term debt on the Statement of Net Position.	(458,000)
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Some items reported in the statement of activities, such as the change in the OPEB obligation or a net decrease or increase in compensated absences, do not require the use of current financial resources, nor do they provide any, and therefore are not reported as expenditures or revenues in the governmental funds.	(237,944)
Change in net position of governmental activities	<u>\$ (403,162)</u>

**MOREHOUSE PARISH SHERIFF
BASTROP, LOUISIANA**

**FIDUCIARY FUND TYPE - AGENCY FUNDS STATEMENT OF NET POSITION
AS OF JUNE 30, 2013**

ASSETS

Cash and cash equivalents	\$ 564,832
Due from other funds	257
Total assets	<u>\$ 565,089</u>

LIABILITIES

Due to other funds	\$ 28,440
Due to taxing bodies and others	536,649
Total liabilities	<u>\$ 565,089</u>

**MOREHOUSE PARISH SHERIFF
BASTROP, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2013**

Introduction

As provided by Article V, Section 27 of the Louisiana Constitution of 1974, the sheriff serves a four year term as the chief executive officer of the law enforcement district and ex-officio tax collector of the parish. The sheriff also administers the parish jail system and exercises duties required by the parish court system, such as providing bailiffs, executing orders of the court, and serving subpoenas.

As the chief law enforcement officer of the parish, the sheriff has the responsibility for enforcing state and local laws and ordinances within the territorial boundaries of the parish. The sheriff provides protection to the residents of the parish through on-site patrols and investigations, and serves the residents of the parish through the establishment of neighborhood watch programs and anti-drug abuse programs. Additionally, the sheriff, when requested, provides assistance to other law enforcement agencies within the parish.

As the ex-officio tax collector of the parish, the sheriff is responsible for the collection and distribution of ad valorem property taxes; occupational licenses; beer and liquor licenses; state revenue sharing; and fines, costs, and bond forfeitures imposed by the district court.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. The accompanying financial statements and notes thereto are presented in accordance with Statement No. 34.

Reporting Entity

GASB Statement No. 14, *The Reporting Entity*, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the jury is considered a primary government, since it is a special purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. As used in GASB Statement No. 14, fiscally independent means that the Sheriff may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt. In accordance with GASB Statement 14, the reporting entity for Morehouse Parish Sheriff consists of (a) the primary government (Sheriff), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

**MOREHOUSE PARISH SHERIFF
BASTROP, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2013**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reporting Entity (Continued)

GASB Statement No. 14 established criteria for determining which component units should be considered part of Morehouse Parish Sheriff for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. These criteria include:

1. Appointing a voting majority of an organization's governing body, and:
 - a. The ability of the Sheriff to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Sheriff.
2. Organizations for which the Sheriff does not appoint a voting majority but are fiscally dependent on the Sheriff.
3. Organizations for which the reporting entity's financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

As the governing authority of the parish, for reporting purposes, Morehouse Parish Police Jury is the financial reporting entity for Morehouse Parish. The sheriff is an independently elected official that is not fiscally dependent on Morehouse Parish Police Jury. Therefore, the Sheriff is not a component unit of the financial reporting entity for Morehouse Parish.

Component units that are legally separate from the Sheriff, but are financially accountable to the Sheriff, or whose relationship with the Sheriff is such that exclusion would cause the Sheriff's financial statements to be misleading or incomplete are discretely presented. The component unit column on the statement of net position and on the statement of activities include the financial data of Morehouse Dare Inc. ("DARE"), the discretely presented component unit. The component unit's data is reported in a separate column to emphasize that it is legally separate from the Sheriff. The purpose of DARE is to develop, promote, monitor, and evaluate the drug awareness program parish wide. DARE is financially accountable to the Sheriff because (1) the director of DARE is an employee of the Sheriff (criteria 1. above), and (2) because the Sheriff can compose its will on DARE by the Sheriff's ability to affect the activities and level of service performed by DARE (criteria 1.a. above). In addition, the Sheriff provides funding in the form of state grant funds being passed through to the organization and the Sheriff has the ability to reassign or dismiss those persons responsible for the day-to-day operations of DARE.

Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. In the government-wide presentation, governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

**MOREHOUSE PARISH SHERIFF
BASTROP, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2013**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-wide Financial Statements (Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are proprietary and fiduciary fund financial statements, where applicable. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Program revenues included in the statement of activities are derived directly from users as a fee for services or are grants that are restricted to meeting the requirement of a particular program. Program revenues reduce the cost of the function to be financed from the Sheriff's general revenues.

Equity is classified as net position and displayed in three components:

Net investment in capital assets - Consists of capital assets including restricted capital assets net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

Restricted net position - Consists of net position with constraints placed on the use either by (1) external groups, such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislations.

Unrestricted net position - All other net position that does not meet the definition of "restricted" or "invested in capital assets, net of related debt."

When both restricted and unrestricted resources are available for use, it is the Sheriff's policy to use restricted resources first, then the unrestricted resources as they are needed.

Fund Financial Statements

Separate financial statements are provided for governmental funds and, where applicable, proprietary and fiduciary funds, even though fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds and, where applicable, major individual enterprise funds are reported as separate columns in the fund financial statements.

**MOREHOUSE PARISH SHERIFF
BASTROP, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2013**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Financial Statements (Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Governmental Fund Type

The Sheriff's current year financial statements include the following major governmental funds:

General Fund - The General Fund is the primary operating fund of the Sheriff. It accounts for all financial resources except those required to be accounted for in other funds. The General Fund is available for any purpose provided it is expended or transferred in accordance with state and federal laws and according to the Sheriff's policy.

Corrections Fund – The Corrections Fund is used to account for the operation and maintenance of the Morehouse Parish Jail Annex and the Collinston Detention Center. The primary source of revenue is state funds for feeding and maintaining state prisoners.

Fiduciary fund Type

Fiduciary fund reporting focuses on net asset and changes in net position. The only funds accounted for in this category by the Sheriff are agency funds. The agency funds account for assets held by the Sheriff as an agent for various taxing bodies (tax collections, fines, and licenses), deposits held pending court action, inmates' personal funds, and funds earned by inmates under the work release program. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurement made regardless of the measurement focus applied.

Accrual

Both governmental and business-type activities in the government-wide financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

**MOREHOUSE PARISH SHERIFF
BASTROP, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2013**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting (Continued)

Modified Accrual

The governmental fund financial statements are presented on the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Governmental funds and the fiduciary type agency funds use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Sheriff considers all revenues available if they are collected within sixty days after the fiscal year end. Expenditures are recorded when the related fund liability is incurred, except for the interest and principal payments on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. The governmental funds use the following practices in recording revenues and expenditures:

Revenues

Ad valorem taxes and the related state revenue sharing are recorded as revenue in the year the taxes are due and payable. Ad valorem taxes are assessed on a calendar year basis, attach as an enforceable lien, and become due and payable on the date the tax rolls are filed with the recorder of mortgages. Louisiana Revised Statute 47:1993 requires that the tax roll be filed on or before November 15 of each year. Ad valorem taxes become delinquent if not paid by December 31. The taxes are normally collected in December, January, and February of the fiscal year.

Sales and use taxes are recognized as revenue when received by the Sheriff's collection agent, Morehouse Parish Sales and Use Tax Commission. Intergovernmental revenues and fees, charges, and commissions for services are recorded when the Sheriff is entitled to the funds. Interest income on time deposits is recorded when the time deposits have matured and the interest is available.

Based on the above criteria, ad valorem taxes; state revenue sharing; sales and use taxes; intergovernmental revenues; and fees, charges, and commissions for services are treated as susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Sheriff.

**MOREHOUSE PARISH SHERIFF
BASTROP, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2013**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting (Continued)

The statements contain no provision for uncollectible accounts. The Sheriff is of the opinion that such allowance would be immaterial in relation to the basic financial statements taken as a whole.

Expenditures

Expenditures are generally recognized under the modified accrual basis when the related fund liability is incurred.

Other Financing Sources (Uses)

Transfers between funds which are not expected to be repaid and insurance proceeds are accounted for as other financing sources (uses) and are recognized when the underlying events occur.

Budgets and Budgetary Accounting

Proposed budgets for the General Fund and the Corrections Fund are prepared on the modified accrual basis of accounting and published in the official journal prior to the public hearing. Public hearings are held at the Sheriff's office during the month of June for comments from taxpayers. The budgets are then legally adopted by the Sheriff and amended during the year, as necessary. Budgets are established and controlled by the Sheriff at the object level of expenditure. All annual appropriations lapse at fiscal year end.

Encumbrance accounting is not used. However, formal budgetary integration is employed as a management control device during the fiscal year. Budgeted amounts included in the accompanying financial statements include the original adopted budget amounts and all subsequent amendments.

Deposits and Investments

The Sheriff's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. State law allows the Sheriff to invest in collateralized certificates of deposits, government backed securities, commercial paper, the Louisiana Asset Management Pool (a state sponsored investment pool), and mutual funds consisting solely of government backed securities. Currently, the agency funds' investments consist of non-negotiable certificates of deposit with original maturities that exceeded ninety days and are reported in the accompanying financial statements at cost, which approximates market value.

Interfund Balances

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

**MOREHOUSE PARISH SHERIFF
BASTROP, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2013**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Ad Valorem Taxes

All property tax receivables are shown net of uncollectible accounts. Ad valorem taxes are assessed on a calendar year basis and attach as an enforceable lien and become due and payable on the date the tax rolls are filed with the recorder of mortgages. Louisiana Revised Statute 47:1993 requires that the tax roll be filed on or before November 15th. Ad valorem taxes become delinquent if not paid by December 31. The taxes are normally collected in December of the current year and January and February of the ensuing year.

As provided by Louisiana Revised Statute 33:9001 a law enforcement district has been created for the purpose of providing financing to the office of the Sheriff. Louisiana Revised Statute 33:9003 requires the district to levy a tax on the assessed valuation of all property appearing on the 1977 and subsequent tax rolls in an amount that would produce for the district in the initial year the same revenue as that estimated to be produced by the Sheriffs commission on ad valorem taxes for the fiscal year ended June 30, 1977. For the 2012 tax roll, the district levied 4.78 mills on property with an assessed value of \$173,887,620.

The difference between authorized and levied millage is the result of reassessments of taxable property within the parish as required by Article 7, Section 18 of the Louisiana Constitution of 1974. The following are the principal taxpayers for the parish and their 2012 assessed valuation (amounts expressed in thousands):

	2013 Assessed Valuation	Percent of Total Assessed Valuation	Tax
Midcontinent Express Pipeline, LLC	\$ 6,531	3.76%	\$ 626
Entergy Louisiana Holdings, Inc.	6,564	3.77%	572
Texas Gas Transmission Corp.	6,257	3.60%	568
Gulf Crossing Pipeline Company	4,908	2.82%	470
Centerpoint Energy Gas Trans	2,953	1.70%	269
Southern Natural Gas Co.	2,418	1.39%	203
Tennessee Gas Pipeline	1,910	1.10%	171
Lansing-Louisiana, LLC	1,808	1.04%	169
Union Pacific Corp. Tax	1,571	0.90%	149
Kennedy Rice Dryers, LLC	1,380	0.79%	143
Total	<u>\$ 36,300</u>	<u>20.88%</u>	<u>\$ 3,340</u>

Sales and Use Taxes

In October of 1998, voters of the parish approved a one-half of one percent sales and use tax. The proceeds of the tax, after paying reasonable and necessary costs of collection, are dedicated to operation of the law enforcement district. In May 2009, the tax was renewed for ten years expiring in January 2019. The Sheriff has entered into an agreement with Morehouse Parish Sales and Use Tax Commission for collection of the tax. For its services, the collection agent receives a one and one-half percent (1.5%) collection fee.

**MOREHOUSE PARISH SHERIFF
BASTROP, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2013**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Sales and Use Taxes (Continued)

In April of 2011, voters of the parish approved an additional a one percent sales and use tax. The proceeds of the tax, after paying reasonable and necessary costs of collection, are dedicated to operation of the law enforcement district. The Sheriff has entered into an agreement with Morehouse Parish Sales and Use Tax Commission for collection of the tax. For its services, the collection agent receives a one and one-half percent (1.5%) collection fee.

Capital Assets

Capital assets, which include property, plant, equipment, etc., are reported in the governmental activities column in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available.

Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Sheriff maintains a threshold level of \$2,500 or more for capitalizing assets.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend their useful lives are not capitalized.

All capital assets, other than land and construction in progress, are depreciated using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Buildings and improvements	40 Years
Equipment	5 - 15 Years
Vehicles	5 Years

Compensated Absences

Employees of the Sheriff earn from ten to thirty days of vacation leave each year, depending on length of service. The Sheriff requires employees to use all accrued vacation days prior to the employee's next anniversary date unless approved for carryover by the chief deputy or sheriff.

Employees earn three to six hours of sick leave each pay period, depending on length of service up to a maximum of 156 hours per year. Employees can accrue an unlimited amount of sick leave.

Employees earn compensatory time at the rate of one hour earned for one hour worked until eighty-six hours accumulated in a fourteen day work period. Thereafter, time is earned at the rate of one and half times each overtime hour worked. Employees may accumulate unused compensatory time. Accumulated compensatory time is paid to the employee in the form of days off or is paid to the employee at the employee's current rate of pay upon separation from service.

Estimated accrued compensated absences resulting from unused vacation and compensatory time at the end of the fiscal year are recorded in the government-wide financial statements as long-term liabilities. No liability is recorded for nonvesting accumulating rights to receive sick pay benefits.

**MOREHOUSE PARISH SHERIFF
BASTROP, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2013**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences (Continued)

The cost of accumulated compensatory time is reported as an expenditure of the General Fund when the employee uses the time in the form of days off or is paid for accumulated time upon separation from service.

Long-term Obligations

In the government-wide financial statements, long-term obligations, such as certificates of indebtedness and compensated absences are reported as liabilities in the applicable governmental activities.

In the fund financial statements, governmental fund types recognize long-term obligations only to the extent that they will be paid with current resources. The fund financial statements recognize proceeds of debt as other financing sources of the current period. Expenditures for long-term debt principal and interest are recorded in the fund financial statements in the year payments are due.

Accounting principles generally accepted in the United States of America require that postemployment benefits for retired employees be accrued and reported as liabilities in the government-wide financial statements.

Fund Equity

During the year ended June 30, 2011, the Sheriff implemented Government Accounting Standards Board Statement No. 54 (GASB 54), *Fund Balance Reporting and Governmental Fund Type Definitions*. In accordance with GASB 54, the Sheriff classifies governmental fund balances as follows:

Non-spendable fund balance includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.

Restricted fund balance includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

Committed fund balance includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority and does not lapse at year- end. Fund balance may be committed by the Sheriff.

Assigned fund balance includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund balance may be assigned by the Sheriff.

Unassigned fund balance includes positive fund balance within the General Fund which has not been classified within the above mentioned categories and negative fund balances in other governmental funds.

**MOREHOUSE PARISH SHERIFF
BASTROP, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2013**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events within the control of the Sheriff, which are either unusual in nature or infrequent in occurrence.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 - CASH AND CASH EQUIVALENTS

Custodial credit risk is the risk that the Sheriff's deposits may not be returned to it in the event of a bank failure. The Sheriff's policy to ensure that there is no exposure to this risk is to require each financial institution to pledge its own securities to cover any amount in excess of Federal Depository Insurance Coverage. Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Sheriff that the fiscal agent bank has failed to pay deposited funds upon demand.

Under state law, the Sheriff may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having principal offices in Louisiana. At June 30, 2013, the Sheriff has cash and cash equivalents (book balances) totaling \$2,056,778, as follows:

Primary government:	
Demand deposits	\$ 2,052,821
Cash on hand	3,451
Petty cash	506
Total	<u>2,056,778</u>
Amounts held in agency funds	<u>(564,832)</u>
Total primary government	<u><u>\$ 1,491,946</u></u>
Component unit:	
Demand deposits	<u><u>\$ 14,683</u></u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent.

**MOREHOUSE PARISH SHERIFF
BASTROP, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2013**

NOTE 2 - CASH AND CASH EQUIVALENTS (CONTINUED)

These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. As of June 30, 2013, the Sheriff had bank balances of \$2,354,035, of which \$2,051,597 was exposed to custodial credit risk as follows:

Insured by FDIC	\$ 302,438
Uninsured and uncollateralized	-
Collateralized by pledged securities not in the Sheriff's name	2,051,597
Total balances exposed to custodial credit risk	2,051,597
Total bank balances	\$ 2,354,035

NOTE 3 - RECEIVABLES

The receivables of \$648,884 at June 30, 2013, are as follows:

	General Fund	Corrections Fund	Totals
Taxes:			
Property	\$ 1,523	\$ -	\$ 1,523
Sales	208,990	-	208,990
Intergovernmental:			
Federal grants	13,725	-	13,725
State grants	5,680	-	5,680
Local grants	-	-	-
Fees, charges and commissions for services	24,708	372,923	397,631
Fines and forfeitures	6,138	-	6,138
Other	15,197	-	15,197
Total governmental funds	<u>\$ 275,961</u>	<u>\$ 372,923</u>	<u>\$ 648,884</u>

NOTE 4 - INTERFUND BALANCES AND TRANSFERS

Interfund balances as of June 30, 2013, were as follows:

		Due To			
				Fiduciary Funds -	Total
		General	Corrections	Agency Fund	
Due From	General	\$ -	\$ 309,937	\$ 13	\$309,950
	Corrections	1,550	-	28,427	29,977
	Fiduciary Funds -				
	Agency Funds	257	-	-	257
	Total	<u>\$ 1,807</u>	<u>\$ 309,937</u>	<u>\$ 28,440</u>	<u>\$340,184</u>

**MOREHOUSE PARISH SHERIFF
BASTROP, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2013**

NOTE 4 - INTERFUND BALANCES AND TRANSFERS (CONTINUED)

During the year ended June 30, 2013, the net amount of \$360,000 was transferred from the Corrections Fund to the General Fund to assist in funding the operations of the General Fund.

NOTE 5 – CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended June 30, 2013, is as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets being depreciated:				
Buildings and improvements	\$ 3,116,777	\$ -	\$ (10,000)	\$ 3,106,777
Equipment	616,794	43,765	(38,785)	621,774
Vehicles	1,249,009	-	(134,606)	1,114,403
Total capital assets being depreciated	<u>4,982,580</u>	<u>43,765</u>	<u>(183,391)</u>	<u>4,842,954</u>
Less accumulated depreciation for:				
Buildings and improvements	1,404,299	77,899	(6,250)	1,475,948
Equipment	357,798	61,786	(30,220)	389,364
Vehicles	981,922	97,373	(134,606)	944,689
Total accumulated depreciation	<u>2,744,019</u>	<u>237,058</u>	<u>(171,076)</u>	<u>2,810,001</u>
Total capital assets being depreciated, net	<u>2,238,561</u>	<u>(193,293)</u>	<u>(12,315)</u>	<u>2,032,953</u>
Total capital assets, net	<u>\$ 2,238,561</u>	<u>\$ (193,293)</u>	<u>\$ (12,315)</u>	<u>\$ 2,032,953</u>

Depreciation expense of \$237,058 is included in public safety expenses of the primary government on the statement of activities.

NOTE 6 - LONG-TERM OBLIGATIONS

The following is a summary of long-term obligation transactions for the year ended June 30, 2013:

	Bank Loan	Refunding Bond	Capital Leases	Compensated Absences
Balance at beginning of year	\$ 143,294	\$ -	\$ 181,543	\$ 296,339
Additions	-	458,000	-	93,213
Deductions	(143,294)	(13,771)	(109,428)	(204,707)
Adjustments	-	-	(3,716)	-
Balance at end of year	<u>\$ -</u>	<u>\$ 444,229</u>	<u>\$ 68,399</u>	<u>\$ 184,845</u>

As discussed in Note 1, upon separation from service, employees are paid for accumulated leave at their then current rate of pay. Adjustments to the compensated absence liability include adjusting the ending liability to ending pay rates and to limitations on the hours for which an employee will be paid.

**MOREHOUSE PARISH SHERIFF
BASTROP, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2013**

NOTE 6 - LONG-TERM OBLIGATIONS (CONTINUED)

During the year ended June 30, 1998, the Sheriff entered into a loan agreement for \$2,915,000. The proceeds of the loan were used to pay in full an existing loan with Farmers' Home Administration. The original loan was used for construction and furnishing of the detention center in Morehouse Parish. On August 1, 2012, the District issued revenue and refunding bond, Series 2012. The bond retired the 1998 loan. All debt retirement payments on the loan are made from the Corrections Fund. The 1998 loan bore interest at 5.79% while the 2012 bond bears interest at 3.50%. The final principal and interest payment is due July 1, 2022. The annual requirements to amortize the bond outstanding as of June 30, 2013, are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 42,288	\$ 14,874	\$ 57,162
2015	43,792	13,370	57,162
2016	45,350	11,812	57,162
2017	46,963	10,199	57,162
2018	48,633	8,529	57,162
2019-2023	217,203	16,207	233,410
	<u>\$ 444,229</u>	<u>\$ 74,991</u>	<u>\$ 519,220</u>

Interest costs of \$8,867 were incurred and expensed in the Corrections Fund for the year ended June 30, 2013.

On February 10, 2011, the Sheriff entered into a capital lease agreement with Ford Motor Credit for four vehicles. The lease has an original recorded amount of \$87,261. Monthly lease payments in the amount of \$3,848, including interest at six percent, were required through January 1, 2013.

On May 2, 2012, the Sheriff entered into a capital lease agreement with Ford Motor Credit for eight vehicles. The lease has an original recorded amount of \$176,473. Monthly lease payments in the amount of \$7,783, including interest at 5.75%, are required through April 2, 2014.

Monthly payments for both leases are made from the General Fund.

The following is a summary of future minimum lease payments, together with the present value of the net minimum lease payments as of June 30, 2013:

<u>Year Ending June 30,</u>	<u>Amount</u>
2014	\$ 70,047
Total	70,047
Less amount representing interest	(1,648)
Present value of net minimum lease payments	<u>\$ 68,399</u>

Interest costs of \$7,057 are incurred and expensed in the General Fund for the year ended June 30, 2013.

**MOREHOUSE PARISH SHERIFF
BASTROP, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2013**

NOTE 7 - RETIREMENT SYSTEM

Substantially all employees of the Sheriff are members of Louisiana Sheriffs' Pension and Relief Fund (the "System"), a cost-sharing, multiple-employer, defined benefit pension plan administered by a separate board of trustees.

The Sheriff and all deputies who are 18 years or older at the time of original employment, and who earn not less than \$400 per month if employed after September 7, 1979 and before January 1, 1991; \$550 if employed between January 1, 1991 and December 31, 1999; and \$800 if employed after January 1, 2000, are required to participate in the System. Employees are eligible to retire at or after age 55 with at least 12 years of credited service and receive a benefit, payable monthly for life, equal to 3.33% of their final-average salary for each year of credited service. The retirement benefit cannot exceed 100% of the employee's final-average salary. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produces the highest average. Employees who terminate with at least 12 years of service and do not withdraw their employee contributions may retire at or after age 55 and receive the benefit accrued to their date of termination as indicated previously. Employees who terminate with at least 20 years of credited service are also eligible to elect early benefits between ages 50 and 55 with reduced benefits equal to the actuarial equivalent of the benefit to which they would otherwise be entitled at age 55. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to Louisiana Sheriffs' Pension and Relief Fund, 6554 Florida Boulevard, Suite 215, Baton Rouge, Louisiana 70806, or by calling (800) 586-9049.

Plan members are required by state statute to contribute 10% of their annual covered salary and the Sheriff is required to contribute at an actuarially determined rate. The current rate is 12.5% of annual covered payroll. Contributions to the System also include one-half of one percent of the taxes shown to be collectible by the tax rolls of each parish and funds as required and available from insurance premium taxes. The contribution requirements of plan members and the Sheriff are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Sheriff's contributions to the System for the years ended June 30, 2013, 2012, and 2011, were \$623,496, \$544,033, and \$505,738, respectively, equal to the required contributions for each year.

NOTE 8 - POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS

Effective for the year ended June 30, 2011, the Morehouse Parish Sheriff implemented Government Accounting Standards Board Statement Number 45, *Accounting and Financial Reporting by Employers for Post employment Benefits Other than Pensions* (GASB 45). This statement has been implemented prospectively. Using this method, the beginning other post employment benefit (OPEB) liability is set at zero and the actuarially determined OPEB liability relative to past service (prior to July 1, 2010) will be amortized and recognized as an expense over thirty years.

**MOREHOUSE PARISH SHERIFF
BASTROP, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2013**

NOTE 8 - POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Plan description

The Morehouse Parish Sheriff's Office's medical benefits are provided to employees upon actual retirement.

The employer pays 100% of the medical coverage for the retiree (not dependents). Employees are covered by a retirement system whose retirement eligibility (D.R.O.P. entry) provisions as follows: 30 years of service at any age or, age 55 and 15 years of service. See the section below entitled "Expected Time of Commencement of Benefits" for the assumption as to time of actual retirement.

Contribution Rates

Employees do not contribute to their post employment benefits costs until they become retirees and begin receiving those benefits. The plan provisions and contribution rates are contained in the official plan documents.

Fund Policy

Until the fiscal year ending 2011, the Morehouse Parish Sheriff's Office recognized the cost of providing post-employment medical benefits (the Morehouse Parish Sheriff's Office's portion of the retiree medical benefit premiums) as an expense when the benefit premiums were due and thus financed the cost of the post-employment benefits on a pay-as-you-go basis. During the year ended June 30, 2013, the Morehouse Parish Sheriff's Office's portion of health care funding cost for retired employees totaled \$20,987.

Effective with the fiscal year beginning July 1, 2010, the Morehouse Parish Sheriff's Office implemented Government Accounting Standards Board Statement Number 45, *Accounting and Financial Reporting by Employers for Post employment Benefits Other than Pensions* (GASB 45).

Annual Required Contribution

The Morehouse Parish Sheriff's Office's Annual Required Contribution (ARC) is an amount actuarially determined in accordance with GASB 45. The Annual Required Contribution (ARC) is the sum of the Normal Cost plus the contribution to amortize the Actuarial Accrued Liability (AAL). A level dollar, closed amortization period of 30 years (the maximum amortization period allowed by GASB 43/45) has been used for the post-employment benefits. The total ARC for the fiscal year beginning July 1, 2010 is \$328,451, as set forth below:

	Medical
Normal cost	\$ 182,316
30-year UAL amortization amount	146,135
Annual required contribution (ARC)	<u>\$ 328,451</u>

The actuarial valuation will be updated approximately every three years. In management's opinion, the change in the liability is not likely to be significant to readers of these financial statements.

**MOREHOUSE PARISH SHERIFF
BASTROP, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2013**

NOTE 8 - POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Net Post-employment Benefit Obligation (Asset)

The table below shows the Morehouse Parish Sheriff's Office's Net Other Post-employment Benefit (OPEB) Obligation (Asset) for fiscal year ending June 30, 2013:

Beginning net OPEB obligation (Asset) 7/1/2012	\$ 907,142
Annual required contribution	328,451
Interest on net OPEB obligation (Asset)	-
ARC adjustment	-
OPEB cost	328,451
Contribution	-
Current year retiree premium	20,987
Change in net OPEB obligation	349,438
Ending net OPEB obligation (Asset) 6/30/2013	<u>\$ 1,256,580</u>

The following table shows the Morehouse Parish Sheriff's Office's annual post employment benefits (PEB) cost, percentage of the cost contributed, and the net unfunded post employment benefits (PEB) liability (asset):

<u>Post Employment Benefit</u>	<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual Cost Contributed</u>	<u>Net OPEB Obligation (Asset)</u>
Medical	June 30, 2013	\$ 328,451	-6.8%	\$ 602,413

Funded Status and Funding Progress

In the fiscal year ending June 30, 2013, the Morehouse Parish Sheriff's Office made no contributions to its post employment benefits plan. The plan was not funded at all, has no assets, and hence has a funded ratio of zero. As of July 1, 2009, the first and most recent actuarial valuation, the Actuarial Accrued Liability (AAL) was \$2,526,967, which is defined as that portion, as determined by a particular actuarial cost method (the Morehouse Parish Sheriff's Office uses the Projected Unit Credit Cost Method), of the actuarial present value of post employment plan benefits and expenses which is not provided by normal cost. Since the plan was not funded in the fiscal year ended June 30, 2010, the entire actuarial accrued liability of \$2,526,967 was unfunded.

Actuarial accrued liability (AAL)	\$ 2,526,967
Actuarial value of plan assets	-
Unfunded actual accrued liability (UAAL)	<u>2,526,967</u>
Funded ratio (Act. Val. Assets/AAL)	0%
Covered payroll (active plan members)	<u>\$ 4,443,644</u>
UAAL as a percentage of covered payroll	56.87%

**MOREHOUSE PARISH SHERIFF
BASTROP, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2013**

NOTE 8 - POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Actuarial Methods and Assumptions

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. The actuarial valuation for post employment benefits includes estimates and assumptions regarding (1) turnover rate; (2) retirement rate; (3) health care cost trend rate; (4) mortality rate; (5) discount rate (investment return assumption); and (6) the period to which the costs apply (past, current, or future years of service by employees). Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

The actuarial calculations are based on the types of benefits provided under the terms of the substantive plan (the plan as understood by the Morehouse Parish Sheriff's Office and its employee plan members) at the time of the valuation and on the pattern of sharing costs between the Morehouse Parish Sheriff's Office and its plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the Morehouse Parish Sheriff's Office and plan members in the future. Consistent with the long-term perspective of actuarial calculations, the actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial liabilities and the actuarial value of assets.

Actuarial Cost Method

The ARC is determined using the Projected Unit Credit Cost Method. The employer portion of the cost for retiree medical care in each future year is determined by projecting the current cost levels using the healthcare cost trend rate and discounting this projected amount to the valuation date using the other described pertinent actuarial assumptions, including the investment return assumption (discount rate), mortality, and turnover.

Actuarial Value of Plan Assets

Since this is the first actuarial valuation, there are not any assets. It is anticipated that in future valuations, should funding take place, a smoothed market value consistent with Actuarial Standards Board ASOP 6, as provided in paragraph number 125 of GASB Statement 45 will be used.

Turnover Rate

An age-related turnover scale based on actual experience as described by administrative staff has been used. The rates, when applied to the active employee census, produce an annual turnover of approximately 12.5%. The rates for each age are below:

<u>Age</u>	<u>Percent Turnover</u>
18 - 25	25.0%
26 - 40	15.0%
41 - 54	12.0%
55+	9.0%

**MOREHOUSE PARISH SHERIFF
BASTROP, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2013**

NOTE 8 - POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Post employment Benefit Plan Eligibility Requirements

Historically, employees have retired after age 55 and 18 years of service. We have therefore assumed that employees retire three years after the earlier of that historical retirement age or age 60 and 15 years of service. The three years is to accommodate the D.R.O.P. period. Medical benefits are provided to employees upon actual retirement. Employees are covered by a retirement system whose retirement eligibility (D.R.O.P. entry) provisions as follows: 30 years of service at any age or, age 55 and 15 years of service. Entitlement to benefits continues through Medicare to death.

Investment Return Assumption (Discount Rate)

GASB Statement 45 states that the investment return assumption should be the estimated long-term investment yield on the investments that are expected to be used to finance the payment of benefits. Since the ARC is not currently being funded and not expected to be funded in the near future, we have performed this valuation using a 4% annual investment return assumption.

Health Care Cost Trend Rate

The expected rate of increase in medical cost is based on projections performed by the Office of the Actuary at the Centers for Medicare & Medicaid Services as published in National Health Care Expenditures Projections: 2003 to 2013, Table 3: National Health Expenditures, Aggregate and per Capita Amounts, Percent Distribution and Average Annual Percent Change by Source of Funds: Selected Calendar Years 1990-2013, released in January, 2004 by the Health Care Financing Administration (www.cms.hhs.gov). "State and Local" rates for 2008 through 2013 from this report were used, with rates beyond 2013 graduated down to an ultimate annual rate of 5.0% for 2016 and later.

Mortality Rate

The 1994 Group Annuity Reserving (94GAR) table, projected to 2002, based on a fixed blend of 50% of the unloaded male mortality rate and 50% of the unloaded female mortality rates, was used. This is a published mortality table which was designed to be used in determining the value of accrued benefits in defined benefit pension plans.

Method of Determining Value of Benefits

The "value of benefits" has been assumed to be the portion of the premium after retirement date expected to be paid by the employer for each retiree and has been used as the basis for calculating the actuarial present value of OPEB benefits to be paid. The employer pays 100% of the cost of the medical benefits for the retiree only (not dependents). The medical rates provided are "blended" rates for active and retired before Medicare eligibility. We have therefore estimated the "unblended" rates as required by GASB 45 for valuation purposes to be 130% of the blended rates prior to Medicare eligibility. The rates provided after Medicare eligibility were unblended as required by GASB 45.

**MOREHOUSE PARISH SHERIFF
BASTROP, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2013**

NOTE 9 – CHANGES IN AGENCY FUNDS' BALANCES

A summary of changes for the year ended June 30, 2013 in agency funds' balances due to taxing bodies and others is as follows:

	<u>July 1, 2012</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2013</u>
Tax Collector Fund	\$ 826,504	\$ 13,016,250	\$ (13,842,754)	\$ -
Criminal Fund	280,172	817,486	(829,717)	267,941
Civil Fund	53,728	505,080	(511,765)	47,043
License Fund	100	70,319	(70,319)	100
Inmate Commissary Fund	102,215	369,018	(375,800)	95,433
Inmate Work Release Fund	104,450	1,211,839	(1,161,717)	154,572
Totals	<u>\$ 1,367,169</u>	<u>\$ 15,989,992</u>	<u>\$ (16,792,072)</u>	<u>\$ 565,089</u>

NOTE 9 – TAX COLLECTOR ENDING CASH BALANCE

At June 30, 2013, the tax collector has no cash and cash equivalents (book balances).

**MOREHOUSE PARISH SHERIFF
BASTROP, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2013**

NOTE 10 – AD VALOREM TAXES COLLECTED

The tax collector has collected and disbursed the following taxes for the year ended June 30, 2013, by taxing body, as follows:

Louisiana Department of Agriculture & Forestry	\$ 13,307
Tensas Basin Levee District	166,618
Louisiana Tax Commission	4,647
Morehouse Parish:	
Assessor	470,260
Police Jury	1,964,435
School Board	5,870,512
Sheriff	642,185
Library	430,399
Bastrop Fire District No. 2	893,715
Ward 2 Cemetery	28,379
Ward 2 Fire District	71,680
Ward 5 Fire District	61,124
Ward 6 Fire District	82,995
Ward 8 Fire District	67,319
Ward 10 Fire District	27,731
Bonne Idee Drainage District	23,543
Hospital Service District	1,040,234
Total	<u>\$ 11,859,083</u>

**MOREHOUSE PARISH SHERIFF
BASTROP, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2013**

NOTE 11 – AD VALOREM TAXES UNCOLLECTED AND UNSETTLED

The tax collector has not collected and disbursed the following taxes for the year ended June 30, 2013, by taxing body, as follows:

Tensas Basin Levee District	\$ 1,819.09
Morehouse Parish:	
Assessor	8,173.57
Police Jury	34,761.99
School Board	100,524.70
Sheriff	11,162.24
Library	7,729.56
Bastrop Fire District No. 2	9,499.53
Ward 2 Cemetery	1,364.72
Ward 2 Fire District	3,446.96
Ward 5 Fire District	41.35
Ward 6 Fire District	218.72
Ward 8 Fire District	291.53
Ward 10 Fire District	31.20
Bonne Idee Drainage District	17.11
Hospital Service District	18,681.60
Agricultural Center	15.12
Total	<u>\$197,778.99</u>

The majority of uncollected taxes consist of gas and oil wells and moveable property. The Sheriff has hired an outside firm to collect outstanding taxes. There are also several assessments that have been determined to be “no property found”, but the assessor has not removed those assessments from the tax roll.

NOTE 12 – AD VALOREM TAXES PAID UNDER PROTEST

Unsettled balances due to taxing bodies and others reported in the agency funds as of June 30, 2012 included \$755,465 of taxes paid under protest, plus interest earned as of June 30, 2012 on the investment of these funds totaling \$71,039. These funds were held pending resolution of the protest and are accounted for in the Tax Collector Agency Fund. Full settlement was made during the year ended June 30, 2013. There were no additional taxes paid under protest as of June 30, 2013.

NOTE 13 – ON-BEHALF PAYMENTS

Certain employees receive supplemental pay from the state of Louisiana. In accordance with GASB Statement No. 24, the Sheriff has recorded revenues and expenditures for these payments in the General Fund. Revenues under this arrangement totaled \$682,041. The related expenditures of \$682,041 are included in public safety expenditures in the General Fund.

**MOREHOUSE PARISH SHERIFF
BASTROP, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2013**

NOTE 14 - RISK MANAGEMENT

The Sheriff is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; liability; and injuries to employees or others. To handle such risk of loss, the Sheriff maintains commercial insurance policies covering automobile liability and medical payments, workers compensation, general liability, and surety bond coverage on the secretary/treasurer and other employees handling money. There were no significant reductions in the Sheriff's insurance coverage during the fiscal year. No claims were paid on any of the policies during the past three years which exceeded the policies' coverage amounts.

NOTE 15 - LITIGATION

As of June 30, 2013, the Sheriff was involved in several lawsuits. In the opinion of legal counsel, resolution of these lawsuits will not result in any liability in excess of insurance coverage.

NOTE 16 – EXPENDITURES OF SHERIFF’S OFFICE PAID BY POLICE JURY

The Sheriff's offices were constructed by the Morehouse Parish Police Jury. Certain costs of maintaining and operating the offices, as required by Louisiana Revised Statute 33:4715, are paid by the Morehouse Parish Police Jury.

NOTE 17 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 31, 2013, the date on which the financial statements were available to be issued.

Required Supplemental Information (Part II)

**MOREHOUSE PARISH SHERIFF
BASTROP, LOUISIANA**

**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2013**

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET
	ORIGINAL	FINAL		
Revenues:				
Taxes:				
Ad valorem	\$ 700,000	\$ 695,860	\$ 700,371	\$ 4,511
Sales and use	2,105,000	2,146,000	2,371,912	225,912
Intergovernmental funds:				
Federal funds:				
Other federal funds	1,140	37,565	129,543	91,978
State funds:				
State revenue sharing	98,000	97,915	97,915	-
NLDEB	10,000	2,136	27,840	25,704
DARE	30,000	27,117	-	(27,117)
State supplemental pay	625,000	660,000	682,041	22,041
Other state funds	-	25,020	30,700	5,680
Local funds	181,000	240,132	93,501	(146,631)
Fees, charges, and commissions for services	126,200	166,549	183,009	16,460
Fines and forfeitures	226,000	190,665	208,612	17,947
Use of money and property	1,250	334	503	169
Other revenues	5,000	13,070	22,443	9,373
Donations	-	-	3,611	3,611
Total revenues	<u>4,108,590</u>	<u>4,302,363</u>	<u>4,552,001</u>	<u>249,638</u>
Expenditures:				
Current:				
Public safety:				
Personal services	3,519,100	3,855,100	3,593,243	(261,857)
Operating services	336,500	381,500	400,623	19,123
Material and supplies	307,000	336,750	369,167	32,417
Travel and other charges	28,036	32,036	42,813	10,777
Debt service	144,010	136,000	127,223	(8,777)
Capital outlay	100,000	50,000	33,689	(16,311)
Total expenditures	<u>4,434,646</u>	<u>4,791,386</u>	<u>4,566,758</u>	<u>(224,628)</u>
Excess (deficiency) of revenues over expenditures	(326,056)	(489,023)	(14,757)	474,266
Other sources (uses):				
Operating transfers in	360,000	360,000	360,000	-
Operating transfers out	(30,000)	(8,464)	-	8,464
Proceeds from the sale of assets	2,000	7,667	7,668	1
Proceeds from insurance	6,000	3,208	3,208	-
Total other sources (uses)	<u>338,000</u>	<u>362,411</u>	<u>370,876</u>	<u>8,465</u>
Net change in fund balances	11,944	(126,612)	356,119	482,731
Fund balances at beginning of year	80,000	836,484	901,036	64,552
Fund balances at end of year	<u>\$ 91,944</u>	<u>\$ 709,872</u>	<u>\$ 1,257,155</u>	<u>\$ 547,283</u>

**MOREHOUSE PARISH SHERIFF
BASTROP, LOUISIANA**

**BUDGETARY COMPARISON SCHEDULE - CORRECTIONS FUND
FOR THE YEAR ENDED JUNE 30, 2013**

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET
	ORIGINAL	FINAL	ACTUAL	
Revenues:				
Fees, charges, and commissions for services	\$ 4,838,997	\$ 4,708,475	\$4,846,015	\$ 137,540
Use of money and property	300	371	410	39
Other revenues	3,750	2,300	2,643	343
Total revenues	<u>4,843,047</u>	<u>4,711,146</u>	<u>4,849,068</u>	<u>137,922</u>
Expenditures:				
Current:				
Public safety:				
Personal services	2,718,927	3,125,821	3,217,513	91,692
Operating services	370,277	445,813	421,543	(24,270)
Material and supplies	866,450	1,189,939	1,139,193	(50,746)
Travel and other charges	100,700	147,600	115,603	(31,997)
Debt service	145,613	170,000	171,078	1,078
Capital outlay	15,000	32,000	10,076	(21,924)
Total expenditures	<u>4,216,967</u>	<u>5,111,173</u>	<u>5,075,006</u>	<u>(36,167)</u>
Excess (deficiency) of revenues over expenditures	<u>626,080</u>	<u>(400,027)</u>	<u>(225,938)</u>	<u>174,089</u>
Other sources (uses):				
Proceeds from Bonds	-	458,000	458,000	-
Operating transfers out	360,000	360,000	360,000	-
Total other sources (uses)	<u>(360,000)</u>	<u>98,000</u>	<u>98,000</u>	<u>-</u>
Net change in fund balances	266,080	(302,027)	(127,938)	174,089
Fund balances at beginning of year	400,000	658,424	658,424	-
Fund balances at end of year	<u>\$ 666,080</u>	<u>\$ 356,397</u>	<u>\$ 530,486</u>	<u>\$ 174,089</u>

**MOREHOUSE PARISH SHERIFF
BASTROP, LOUISIANA**

**NOTES TO BUDGETARY COMPARISON SCHEDULES FOR MAJOR FUNDS
FOR THE YEAR ENDED JUNE 30, 2013**

Proposed budgets for the General Fund and the Corrections Fund are prepared on the modified accrual basis of accounting and published in the official journal prior to the public hearing. Public hearings are held at the Sheriff's office during the month of June for comments from taxpayers. The budgets are then legally adopted by the Sheriff and amended during the year, as necessary. Budgets are established and controlled by the Sheriff at the object level of expenditure. All annual appropriations lapse at fiscal year end.

Encumbrance accounting is not used. However, formal budgetary integration is employed as a management control device during the fiscal year. Budgeted amounts included in the accompanying financial statements include the original adopted budget amounts and all subsequent amendments.

**MOREHOUSE PARISH SHERIFF
BASTROP, LOUISIANA**

**EMPLOYEE HEALTH CARE PLAN
SCHEDULE OF FUNDING PROGRESS
AS OF JUNE 30, 2013**

<u>Actuarial Valuation Date</u>	<u>Actuarial Valuation of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
June 30, 2010	\$ -	\$2,526,967	\$2,526,967	0%	\$4,443,644	56.87%

Generally accepted governmental accounting principles (GASB Codification Po50.131-132) require that the schedule present information from the last three actuarial valuations. Because the requirements of GASB 45 were implemented starting with the year ended June 30, 2011, only one year is available. Additional information will be added after each of the next valuations. Subsequent to that, information will be presented for the latest three valuations.

Other Supplemental Schedules

**MOREHOUSE PARISH SHERIFF
SUPPLEMENTAL INFORMATION SCHEDULES
AS OF AND FOR THE YEAR ENDED JUNE 30, 2013**

FIDUCIARY FUND TYPES - AGENCY FUNDS

Tax Collector Fund

Article V, Section 27 of the Louisiana Constitution of 1974, provides that the Sheriff will serve as the collector of state and parish taxes and fees. The Tax Collector Fund is used to collect and distribute taxes and fees to the appropriate taxing bodies.

Criminal Fund

The Criminal Fund accounts for the collection of bonds, fines and costs, and payment of the collections to recipients in accordance with applicable laws.

Civil Fund

The Civil Fund accounts for the collection of funds in civil suits, sheriff's sales, and garnishments and payments of these collections to recipients in accordance with applicable laws.

License Fund

The License Fund accounts for the collection and distribution of parish occupational, beer, liquor, and private club licenses.

Inmate Commissary Fund

The Inmate Commissary Fund accounts for personal funds of inmates that are received and expended while they are incarcerated.

Inmate Work Release Fund

The Inmate Work Release Fund accounts for funds of inmates that are earned under the work release program.

**MOREHOUSE PARISH SHERIFF
BASTROP, LOUISIANA**

**FIDUCIARY FUND TYPE - AGENCY FUNDS
COMBINING BALANCE SHEET
AS OF JUNE 30, 2013**

	Tax Collector Fund	Criminal Fund	Civil Fund	License Fund	Inmate Commissary Fund	Inmate Work Release Fund	Totals
ASSETS							
Cash and cash equivalents	\$ -	\$ 267,684	\$ 47,043	\$ 100	\$ 95,433	\$ 154,572	\$ 564,832
Due from other funds	-	257	-	-	-	-	257
	<u>-</u>	<u>257</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>257</u>
Total assets	<u>\$ -</u>	<u>\$ 267,941</u>	<u>\$ 47,043</u>	<u>\$ 100</u>	<u>\$ 95,433</u>	<u>\$ 154,572</u>	<u>\$ 565,089</u>
LIABILITIES							
Due to other funds	\$ -	\$ -	\$ 13	\$ -	\$ 233	\$ 28,194	\$ 28,440
Due to taxing bodies and others	-	267,941	47,030	100	95,200	126,378	536,649
	<u>-</u>	<u>267,941</u>	<u>47,030</u>	<u>100</u>	<u>95,200</u>	<u>126,378</u>	<u>536,649</u>
Total liabilities	<u>\$ -</u>	<u>\$ 267,941</u>	<u>\$ 47,043</u>	<u>\$ 100</u>	<u>\$ 95,433</u>	<u>\$ 154,572</u>	<u>\$ 565,089</u>

**MOREHOUSE PARISH SHERIFF
BASTROP, LOUISIANA**

FIDUCIARY FUND TYPES - AGENCY FUNDS

**COMBINING SCHEDULE OF CHANGES IN UNSETTLED BALANCES DUE TO TAXING BODIES AND OTHERS
FOR THE YEAR ENDED JUNE 30, 2013**

	Tax Collector Fund	Criminal Fund	Civil Fund	License Fund	Inmate Commissary Fund	Inmate Work Release Fund	Totals
Unsettled balances due to taxing bodies and others - beginning	<u>\$ 826,504</u>	<u>\$ 280,172</u>	<u>\$ 53,728</u>	<u>\$ 100</u>	<u>\$ 102,215</u>	<u>\$ 104,450</u>	<u>\$ 1,367,169</u>
Additions:							
Deposits:							
Ad valorem taxes:							
Current year	12,178,729	-	-	-	-	-	12,178,729
Prior year	18,389	-	-	-	-	-	18,389
Appearance bonds, fines, etc.	-	817,486	-	-	-	-	817,486
Beer, liquor, and bingo licenses	-	-	-	6,265	-	-	6,265
Garnishments	-	-	91,938	-	-	-	91,938
Interest:							
Bank account	356	-	-	-	-	-	356
Delinquent taxes	23,697	-	-	-	-	-	23,697
Protested taxes held in escrow	1,116	-	-	-	-	-	1,116
Occupational licenses	-	-	-	64,054	-	-	64,054
Redemptions	71,913	-	-	-	-	-	71,913
Sales	-	-	379,677	-	-	-	379,677
State revenue sharing	562,154	-	-	-	-	-	562,154
Tax notices	55,543	-	-	-	-	-	55,543
Other additions	<u>104,353</u>	<u>-</u>	<u>33,465</u>	<u>-</u>	<u>369,018</u>	<u>1,211,839</u>	<u>1,718,675</u>
Total additions	<u>13,016,250</u>	<u>817,486</u>	<u>505,080</u>	<u>70,319</u>	<u>369,018</u>	<u>1,211,839</u>	<u>15,989,992</u>

Reductions:

Deposits settled to:

Bastrop Fire District No. 2	942,937	-	-	-	-	-	942,937
Bonne Idee Drainage District	26,094	-	-	-	-	-	26,094
City of Bastrop	4,994	-	-	-	-	-	4,994
Hospital Service District	1,067,532	-	-	-	-	-	1,067,532
Louisiana Tax Commission	5,509	-	-	-	-	-	5,509
Morehouse Parish:							
Clerk of Court	-	46,020	48,628	-	-	-	94,648
Assessor	540,100	-	-	-	-	-	540,100
Police Jury	2,254,796	219,854	-	56,255	-	-	2,530,905
School Board	6,416,363	-	-	-	-	-	6,416,363
Sheriff	801,338	111,881	182,474	14,064	-	-	1,109,757
Library	485,782	-	-	-	-	-	485,782
Pension Funds	352,673	-	-	-	-	-	352,673
Tensas Basin Levee District	186,852	-	-	-	-	-	186,852
Ward 2 Cemetery	29,496	-	-	-	-	-	29,496
Ward 2 Fire District No. 1	73,667	-	-	-	-	-	73,667
Ward 5 Fire District No. 1	64,430	-	-	-	-	-	64,430
Ward 6 Fire District No. 1	97,091	-	-	-	-	-	97,091
Ward 8 Fire District No. 1	76,245	-	-	-	-	-	76,245
Ward 10 Fire District No. 1	34,123	-	-	-	-	-	34,123
Other settlements	382,732	451,962	280,663	-	375,800	1,161,717	2,652,874

Total reductions	<u>13,842,754</u>	<u>829,717</u>	<u>511,765</u>	<u>70,319</u>	<u>375,800</u>	<u>1,161,717</u>	<u>16,792,072</u>
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Unsettled balances due to taxing bodies
and others - ending

<u>\$ -</u>	<u>\$ 267,941</u>	<u>\$ 47,043</u>	<u>\$ 100</u>	<u>\$ 95,433</u>	<u>\$ 154,572</u>	<u>\$ 565,089</u>
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**MOREHOUSE PARISH SHERIFF
BASTROP, LOUISIANA**

**SCHEDULE OF CURRENT INSURANCE (UNAUDITED)
AS OF JUNE 30, 2013**

Type of Coverage	Insurer	Policy Number		Coverage Amount	Expiration Date
Liability (Premises Only)	First Financial Insurance Company	HGL0033798	General Aggregate	\$2,000,000	February 19, 2014
			Per Occurrence	\$1,000,000	
			Deductible	\$2,500	
Fidelity	Fidelity & Deposit Company	CCP1557386		\$25,000 to \$265,000	December 6, 2013
Property	Hanover Insurance Company	FH05941741	6444 Patey Road:		July 8, 2014
			Building	\$4,265,763	
			Deductible	\$5,000	
			120 School St.:		
			Contents	\$37,080	
			4729 Eugene Ware Road:		
			Building	\$94,808	
			Contents	\$9,119	
			6385 Jeffifer Rd.		
			Contents	\$13,025	

Other Reports



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

**Morehouse Parish Sheriff
Bastrop, Louisiana**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, , the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the Morehouse Parish Sheriff, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Morehouse Parish Sheriff's basic financial statements, and have issued our report thereon dated December 31, 2013.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Morehouse Parish Sheriff's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Morehouse Parish Sheriff's internal control. Accordingly, we do not express an opinion on the effectiveness of the Morehouse Parish Sheriff's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Morehouse Parish Sheriff's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Morehouse Parish Sheriff
Bastrop, Louisiana
Independent Auditor's Report - GAGAS
June 30, 2013

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended solely for the information and use of the Sheriff, management, pass-through entities, and the Louisiana Legislative Auditor, and is not intended to be and should not be used by anyone other than these specified parties. Although the intended use of this report may be limited, under Louisiana Revised Statute 24:513, it is issued by the Legislative Auditor as a public document.

BOSCH & STATHAM, LLC



Jonesboro, Louisiana
December 31, 2013

**MOREHOUSE PARISH SHERIFF
BASTROP, LOUISIANA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2013**

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses unqualified opinions on the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the fiduciary fund of the Morehouse Parish Sheriff.
2. No significant deficiencies or material weaknesses are reported in the Independent Auditor's Report on Compliance and Internal Control over Financial Reporting.
3. No instances of noncompliance material to the financial statements of the Morehouse Parish Sheriff were disclosed during the audit.

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

No findings are reported.

**MOREHOUSE PARISH SHERIFF
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2013**

Ref. No.	Fiscal Year Finding Initially Occurred	Description of Finding	Corrective Action Taken Yes, No, Partially	Planned Corrective Action/Partial Corrective Action Taken
No findings were reported for fiscal year 2012.				